

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

In re:
BERNARD L. MADOFF,

Debtor.

Adv. Pro. No. 08-01789 (SMB)

SIPA LIQUIDATION

(Substantively Consolidated)

**SUPPLEMENTAL EXPERT REPORT OF
MATTHEW B. GREENBLATT, CPA/CFF, CFE
SENIOR MANAGING DIRECTOR
FTI CONSULTING, INC.**

**SUPPLEMENTAL ANALYSIS OF THE
PROFIT WITHDRAWAL TRANSACTIONS**

December 17, 2015

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I. PROFESSIONAL BACKGROUND

1. I, Matthew B. Greenblatt, am employed in the Forensic and Litigation Consulting practice of FTI Consulting, Inc. (“FTI”) as a Senior Managing Director. I have more than 20 years of experience in accounting, auditing and litigation consulting services, including forensic accounting and fraud investigations.

2. I am a Certified Public Accountant (CPA), Certified in Financial Forensics (CFF), and a Certified Fraud Examiner (CFE). I am a member of the American Institute of Certified Public Accountants, the New York State Society of Certified Public Accountants and the Association of Certified Fraud Examiners. I have spoken on multiple panels and authored articles in the area of forensic accounting and investigations, and currently serve as an adjunct professor with New York University in its forensic accounting certificate program.

3. Additional information regarding my professional experience and recent testimony is included in my Curriculum Vitae annexed hereto as **Exhibit 1**.

II. SCOPE OF ASSIGNMENT

4. To address the specific issues raised in the PW Transaction Motion,¹ FTI was tasked with describing, in greater detail, the subset of the cash withdrawal transactions known as PW Transactions. The PW Transactions are a component of the Principal Balance Calculation.

5. I have been informed by Trustee’s counsel that claimants for 56 BLMIS accounts have indicated that they will litigate the Profit Withdrawal issue (“Participating Accounts”).² As such, I have been instructed by Trustee’s counsel to identify and analyze the PW Transactions in the Participating Accounts and to determine the impact of the PW Transactions on these Participating Accounts if a court were to rule that the PW Transactions should not be treated as cash withdrawals.

6. My expert report, titled Methodology for the Principal Balance Calculation, dated November 15, 2012 (the “Principal Balance Calculation Report”), explains the methodology of

¹ See Amended Motion for Order Establishing Schedule for Limited Discovery and Briefing on Profit Withdrawal Issue, dated May 19, 2015 (“PW Transaction Motion”).

² The 56 Participating Accounts include 3 BLMIS accounts that contained PW Transactions (the “3 Direct Participating Accounts”) and 53 BLMIS accounts (the “53 Indirect Participating Accounts”) that received inter-account transfers from 84 BLMIS accounts that contained PW Transactions (the “84 Related Direct Accounts,” which is inclusive of the 3 Direct Participating Accounts).

the Principal Balance Calculation and describes the relevant documents and data maintained by BLMIS. My expert report, titled Analysis of the Profit Withdrawal Transactions, dated July 14, 2015 (the “PW Report”), details the population of PW Transactions and the analysis of certain PW Transactions. Accordingly, this report should be read in conjunction with the Principal Balance Calculation Report and the PW Report.³ This report has been prepared in connection with the analysis of the Profit Withdrawal Transactions and is to be used in the above-captioned proceeding only. It is not to be used for any other purpose without the express written consent of FTI.

7. As a CPA, a forensic accountant and a CFE, I have the training, experience and expertise required to work with and supervise members of the FTI team of professionals to accomplish the reconstruction of the books and records of BLMIS. I have prepared this report with the assistance of other FTI professionals working under my direct supervision.

8. If called upon to testify in this matter, I intend to provide testimony regarding my analyses and conclusions consistent with this report. FTI is being compensated at a rate of \$554 per hour for my professional time incurred in performing the work necessary to prepare this report. FTI’s fees are not contingent on the conclusions reached in this report or the outcome of any proceeding.

9. The documents and data that I considered in connection with this report are listed in **Exhibit 2**. I reserve the right to supplement my report based on any additional documents or information received.

III. SUMMARY OF FINDINGS

A. The Principal Balance Calculation

10. The Principal Balance Calculation Report identifies the (a) methodology that I employed and/or supervised in connection with the analyses performed, and (b) sources of information and data that form the basis of my findings, conclusions, and opinions.

³ The opinions that I rendered in the Principal Balance Calculation Report and the PW Report, the documents that I considered in connection with these Reports, and the accompanying Exhibits to these Reports, are all incorporated by reference. All capitalized terms not defined herein shall have the meaning ascribed to them in the Principal Balance Calculation Report and the PW Report.

11. My findings, conclusions, and opinions remain unchanged since the issuance of the Principal Balance Calculation Report. *See* Principal Balance Calculation Report, ¶¶10-56 for a full description of the summary of findings and methodology for the Principal Balance Calculation.

B. PW Transactions

12. The PW Report identifies the (a) population of the PW Transactions; (b) recording of the PW Transactions on the BLMIS Customer Statements; and (c) sources of information and data that support the basis of my findings, conclusions, and opinions.

13. My conclusions and opinions related to the treatment of the PW Transactions remain unchanged since the issuance of the PW Report. As described more fully in the PW Report, and in subsequent sections of this report, based upon FTI's analysis of the BLMIS records, it is my opinion that the BLMIS records demonstrate that: (a) the PW Transactions result in a reduction to the BLMIS account holders' purported equity; and (b) the account holders received payments from BLMIS in the amount of the PW Transactions. On the basis of these opinions, it is my further opinion that all PW Transactions constitute cash withdrawals in the Principal Balance Calculation, as detailed in the Principal Balance Calculation Report and the PW Report. *See* the PW Report, ¶¶11-76 for a full description of the summary of findings, the description of PW Transactions, the documents and the data maintained by BLMIS relevant to PW Transactions and the detailed analysis of certain PW Transactions; *see also* the Principal Balance Calculation Report, ¶¶10-36.

14. The treatment of PW Transactions as reductions in principal for purposes of the Principal Balance Calculation is further supported by available third-party bank records. As described more fully in the Collura Report, the work performed by Ms. Collura and the FTI professionals working under her supervision demonstrated that the PW Transactions represent payments directly to the relevant BLMIS account holders, and as evidenced by the copies of cancelled checks, which were received by and deposited by the individual BLMIS account holders. (*See* the Expert Report of Lisa M. Collura, dated July 14, 2015 (the "Collura Report").)

15. If a court determines that the PW Transactions should not be treated as cash withdrawals, Trustee's counsel has requested, and I have performed, an analysis to calculate the

impact of such ruling on the Participating Accounts impacted by the PW Transactions. This analysis is not an admission by FTI or the Trustee that such treatment is appropriate.

IV. THE POPULATION OF PW TRANSACTIONS

A. Description of PW Transactions

16. Since issuing the PW Report, the population of PW Transactions has been reduced from 91,138 to 91,132 because six individual transactions have been eliminated from the population of PW Transactions.⁴ PW Transactions are reflected on monthly Customer Statements as follows:

- 90,541 transactions⁵ with a transaction code of PW on the Customer Statements, and
- 591 transactions with a transaction code other than PW (*i.e.*, CW and JRNL) on the Customer Statements.

17. Attached as **Exhibit 3** is a complete listing of all PW Transactions, sorted by BLMIS account number, and listed in date order, each of which was identified as a cash transaction for purposes of the Principal Balance Calculation, as described in the Principal Balance Calculation Report, ¶¶10-36.

⁴ The six individual transactions that were included in the population of PW Transactions as set forth in **Exhibit 2** to the PW Report have since been eliminated because (a) four transactions (related to BLMIS Accounts 1FN008 and 1FN016) were related to purported tax obligations and were withheld by BLMIS and paid to the IRS on the customer's behalf; and (b) two transactions (one in BLMIS Account 1H0022 and one in BLMIS Account 1W0064) were cancelled in the months following the transactions, as reflected on the Customer Statements. In addition, there were updates to the transaction date, amount, type, and description for 96 PW Transactions. See **Exhibit 3** for the listing of all PW Transaction and the specific updates to these PW Transactions.

⁵ These transactions exclude approximately 800 line items corresponding to certain initially reported transactions that were coded as PW transactions that were subsequently cancelled on the Customer Statements.

18. These 91,132 PW Transactions occurred in 761 accounts (the “Direct Accounts”)⁶. Additionally, there are 1,090 BLMIS accounts (the “Indirect Accounts”)⁷ that received an inter-account transfer⁸ from the Direct Accounts.⁹ Attached as **Exhibit 4** is a list of Direct and Indirect Accounts in the PW Motion.

B. PW Transactions – Description Categories

19. As detailed in **Section IV.B** of the PW Report, PW Transactions followed a general pattern in the description field on the Customer Statements. These transaction descriptions are categorized as follows (*See* PW Report, ¶23 and **Exhibits 5-8** for examples of each of the transaction description categories):

- Check Only
- Check + Stock Name
- Check + Interest/Dividend
- Other Distributions

⁶ As a result of the removal of the four individual transactions described in footnote 4 (a), BLMIS Accounts 1FN008 and 1FN016 are no longer Direct Accounts and thus the population of Direct Accounts changed from 763 to 761. The removal of these two BLMIS accounts does not affect the Participating Accounts.

⁷ As a result of the removal of the four individual transactions described in footnote 4 (a), BLMIS Accounts 1A0058, 1FN005, 1FR070, and 1G0321 are no longer Indirect Accounts and thus the population of Indirect Accounts changed from 1,094 to 1,090. The removal of these four BLMIS accounts does not affect the Participating Accounts.

⁸ An inter-account transfer is a non-cash transaction between BLMIS customer accounts in which no new funds entered or left BLMIS, but rather a book entry occurred at BLMIS to internally adjust the balances of those accounts. These book entries did not reflect any transfers of cash because there was no actual movement of cash. Rather, these inter-account transfers merely changed reported value in the purported equity maintained in the BLMIS customers’ accounts. *See* Principal Balance Calculation Report, ¶¶17, 27-28, 32-34.

⁹ Based on further analysis it was identified that one related Direct Account, BLMIS Account 1R0083, relates to two additional BLMIS Accounts, 1R0133 and 1R0171.

20. While the transaction descriptions for PW Transactions varied to some extent, the descriptions generally fell into broad categories as outlined in **Table 1** below.

Table 1: PW Transactions by Transaction Code & Description Category

Transaction Code	Transaction Description Category	# of Transactions	% of Total
PW	Check + Stock Name	34,573	37.9%
PW	Check Only	52,041	57.1%
PW	Check + Interest/Dividend	3,868	4.2%
PW	Other Distributions	59	0.1%
CW	Check + Stock Name	484	0.5%
CW	Check + Interest/Dividend	107	0.1%
Total:		91,132	100.0%

21. **Table 2** below lists the PW Transactions related to the Participating Accounts¹⁰ by description categories.

Table 2: PW Transactions by Transaction Code & Description Category related to the Participating Accounts

Transaction Code	Transaction Description Category	# of Transactions	% of Total
PW	Check + Stock Name	4,572	87.0%
PW	Check Only	614	11.7%
PW	Check + Interest/Dividend	30	0.6%
PW	Other Distributions	18	0.3%
CW	Check + Stock Name	13	0.2%
CW	Check + Interest/Dividend	8	0.2%
Total:		5,255	100.0%

C. The Documents and Data Maintained by BLMIS Relevant to PW Transactions

22. The information sources and data that I, and those at FTI working under my direct supervision, have reviewed include voluminous BLMIS books and records. See PW Report, ¶¶25-34 for a full description of the documents and data maintained by BLMIS relevant to PW Transactions and the recording of PW Transaction on Customer Statements.

¹⁰ These PW Transactions occurred in: (i) the 3 Direct Participating Accounts; and (ii) the 81 BLMIS accounts that are not Participating Accounts, but contained PW Transactions which impact inter-account transfers into or out of the Participating Accounts. (See **Exhibit 5** for a list of BLMIS Accounts related to the Participating Accounts.)

V. DETAILED ANALYSIS OF THE PW TRANSACTIONS

23. The PW Report describes the reconciliation of the PW Transactions with Check + Stock Name transaction description, which included the reconciliation for Check + Stock Name transaction description related to the Participating Accounts, as reflected on the Customer Statements. This reconciliation was limited to the time period for which electronic records were available from December 1995 through November 2008. (See PW Report, **Section V.**)

24. In addition to the analysis detailed in the PW Report, I have performed for the Participating Accounts a reconciliation between the amount of the relevant PW Transactions and the purported trading in the reported securities using microfilm records available from November 1978 through November 1995 for each of the PW Transactions related to the Participating Accounts with the transaction description categories of: (i) Check + Stock Name; (ii) Check Only; (iii) Check + Interest/Dividend; and (iv) Other Distributions. This additional analysis further supports that the PW Transactions reflect amounts equal to the reported profits from fictitious trading reported on the Customer Statements.

25. This additional analysis is described more fully in **Sections V.A – D below**, and summarized in **Exhibit 6** to this report.

Table 3: Reconciliation of PW Transactions by Transaction Code & Description Category related to the Participating Accounts

Transaction Description Category	# of Transactions	# of Transactions Reconciled ¹¹	Reconciliation Rate by Transaction Description Category
Check + Stock Name	4,585	4,562	99.5%
Check Only	614	536	87.3%
Check + Interest/Dividend	38	37	97.4%
Other Distributions	18	5	27.8%
Total:	5,255	5,140	97.8%

¹¹ This includes 11 PW Transactions that had a negligible difference between the amount of the PW Transaction and the corresponding fictitiously reported trading. In total, these 11 PW Transactions amount to a net variance of \$7.18, or an average of \$0.65 per transaction.

A. Transaction Description: Check + Stock Name and Reconciliation to a Reported Profit

26. For the PW Transactions related to the Participating Accounts with the Check + Stock Name description, FTI was able to review the instances of reported trading as reflected on the Customer Statements to determine whether the amount of the PW Transaction at issue correlates to the purported trading of securities and the related reported profits. These PW Transactions were further supported by additional documentation such as PMRs, PMTs, and third-party bank records, where available.

27. Of the 4,585 Check + Stock Name PW Transactions related to the Participating Accounts, we were able to identify the corresponding fictitiously reported trading of the securities in the stock name identified in the transaction description for 4,562 (99.5%) of these PW Transactions as this fictitious trading generated a profit in an amount equal to the amount of the PW Transaction in the BLMIS account.¹²

28. In each of these 4,562 Check + Stock Name transactions, the analysis of the Customer Statements (along with PMRs and PMTs, where available) show that the amount of the PW Transactions is *debited* from the customer's account, thereby reducing the purported equity of the account by the reported amount of the entry.

29. **Table 4** below demonstrates the reconciliation between fictitious trading and the PW Transactions for the Check + Stock Name category. The information contained below summarizes the reported trading as reflected on the Customer Statements and the corresponding PW Transactions for BLMIS Account 1B0066¹³ for all relevant time periods. The table below demonstrates that where the PW Transaction description referenced a stock name, the amount of the PW Transaction reconciled to the reported profit generated from the fictitious trading of the securities in that stock name preceding the date of the PW Transaction.¹⁴

¹² For the remaining 23 instances of PW Transactions with the Check + Stock Name description where FTI was unable to identify the corresponding fictitious trading activity related to the amount of the PW Transactions, additional analysis revealed several reasons for such variances, including but not limited to situations where it appears the transactions were coded by BLMIS employees as "PW" in error or reflect other data entry errors made by BLMIS. See **Exhibit 7** for an example of Data Entry Error for BLMIS Account 1A0025. One of the 53 Indirect Participating Accounts (BLMIS Account 1S0324) was impacted by inter-account transfer(s) from BLMIS Account 1A0025.

¹³ One of the 53 Indirect Participating Accounts (BLMIS Account 1H0161) was impacted by inter-account transfer(s) from BLMIS Account 1B0066.

¹⁴ Reported profit is the purported gain from the fictitious trading (calculated as [Short Value] – [Long Value]).

**Table 4 – BLMIS Account 1B0066 Reported Trading Summary for PW Transactions with
Check + Stock Name**

Account	Trading Activity by Security				Profit Withdrawal Transactional Detail				Diff	Bates References		
	Transaction Description	Long Value	Short Value	Reported Profit	Date	Transaction Description	Tran Code	Amount		BLMIS Customer Statement	PMR	PMT
1B0066	CBS INC	(528,703)	538,620	9,917	11/28/1994	CHECK CBS INC	PW	(9,917)	0	MF00318269-69	N/A	N/A
1B0066	MCDONNELL DOUGLAS CORP	(599,987)	608,992	9,006	1/24/1995	CHECK MCDONNELL	PW	(9,006)	0	MF00220222-22	N/A	N/A
1B0066	HERCULES INC	(603,480)	610,266	6,786	2/16/1995	CHECK HERCULES	PW	(6,786)	0	MF00200560-60	N/A	N/A
1B0066	EMC CORPORATION MASS	(602,945)	618,021	15,076	4/19/1995	CHECK EMC CORP	PW	(15,076)	0	MF00206045-45	N/A	N/A
1B0066	HEWLETT PACKARD CO	(603,480)	615,545	12,065	5/31/1995	CHECK HEWLETT PACKARD CO	PW	(12,065)	0	MF00166297-97	N/A	N/A
1B0066	BANKAMERICA CORP	(603,548)	610,332	6,784	7/6/1995	CHECK BANKAMERICA	PW	(6,784)	0	MF00213555-55	N/A	N/A
1B0066	KOREA FUND INC	(603,917)	608,448	4,531	8/3/1995	CHECK KOREA	PW	(4,531)	0	MF00134270-70	N/A	N/A
1B0066	AMERICAN INTL GROUP INC	(603,877)	615,199	11,322	8/29/1995	CHECK AMER INTL	PW	(11,322)	0	MF00134270-70	N/A	N/A
1B0066	CHARLES SCHWAB CORP	(603,907)	612,205	8,298	10/6/1995	CHECK CHARLES SCHWAB	PW	(8,298)	0	MF00114078-78	N/A	N/A
1B0066	MEDTRONIC INC	(603,915)	610,709	6,794	11/8/1995	CHECK MEDTRONIC	PW	(6,794)	0	MF00108046-46	N/A	N/A
1B0066	HEINZ H J CO	(603,917)	617,507	13,591	12/14/1995	CHECK HEINZ	PW	(13,591)	0	MDPTPP00141259-60	N/A	N/A
1B0066	FEDERAL NATIONAL MTG ASSN	(604,004)	612,311	8,307	2/13/1996	CHECK FED NATL MORTGAGE	PW	(8,307)	0	MDPTPP00141263-65	N/A	N/A
1B0066	GENERAL MOTORS CORP	(707,850)	723,779	15,929	4/9/1996	CHECK GEN MOTORS CORP	PW	(15,929)	0	MDPTPP00141269-70	N/A	N/A
1B0066	CENTOCOR INC	(707,636)	720,901	13,265	5/23/1996	CHECK CENTOCOR	PW	(13,265)	0	MDPTPP00141271-72	N/A	N/A
1B0066	COCA COLA CO	(708,742)	722,031	13,289	6/27/1996	CHECK COCA COLA	PW	(13,289)	0	MDPTPP00141273-74	N/A	N/A
1B0066	CHRYSLER CORP	(708,696)	714,895	6,199	7/31/1996	CHECK CHRYSLER CORP	PW	(6,199)	0	MDPTPP00141275-76	N/A	N/A
1B0066	TIFFANY AND COMPANY	(710,038)	723,357	13,319	9/9/1996	CHECK TIFFANY & CO	PW	(13,319)	0	MDPTPP00141279-80	N/A	N/A
1B0066	HERSHEY FOODS CORP	(355,015)	355,908	893	10/8/1996	CHECK HERSHEY FOODS INC	PW	(893)	0	MDPTPP00141281-83	N/A	N/A
1B0066	JONES APPAREL GROUP INC	(355,020)	363,008	7,988	10/18/1996	CHECK JONES APPAREL	PW	(7,988)	0	MDPTPP00141281-83	N/A	N/A
1B0066	NEW BRIDGE NETWORKS CORP	(714,019)	723,841	9,822	11/14/1996	CHECK NEW BRIDGE NETWORKS	PW	(9,822)	0	MDPTPP00141284-85	N/A	N/A
1B0066	DEAN WITTER DISCOVER & CO	(714,262)	728,551	14,289	2/21/1997	CHECK DEAN WITTER	PW	(14,289)	0	MDPTPP00141290-91	N/A	N/A
1B0066	NATIONS BANK CORP	(670,916)	678,468	7,551	3/19/1997	CHECK NATIONS BANK	PW	(7,551)	0	MDPTPP00141292-93	N/A	N/A
1B0066	PHILIP MORRIS COMPANIES INC	(672,217)	680,617	8,401	4/23/1997	CHECK PHILIP MORRIS	PW	(8,401)	0	MDPTPP00141294-95	N/A	N/A
1B0066	COLGATE PALMOLIVE CO	(673,351)	683,448	10,097	6/3/1997	CHECK COLGATE	PW	(10,097)	0	MDPTPP00141298-99	N/A	N/A
1B0066	MOBIL CORP	(675,115)	682,710	7,595	7/9/1997	CHECK MOBIL CORP	PW	(7,595)	0	MDPTPP00141300-01	N/A	N/A
				<u>\$ (15,538,555)</u>	<u>\$ 15,779,665</u>	<u>\$ 241,110</u>				<u>\$ (241,110)</u>		

30. Attached as **Exhibit 8** to this report is an example of PW Transaction with Check + Stock Name description and the reported trading activity within the Customer Statements for BLMIS Account 1B0066. The documentation shows the reported fictitious trading associated with the security BANKAMERICA CORP in May and June 1995. The Customer Statements reflect that the reported trading generated a fictitious profit of \$6,784.25 (calculated as the difference between the reported cost of \$603,547.88 and the reported proceeds totaling \$610,332.13; *see* May and June 1995 Customer Statements at **MF00166297** and **MF00161660**, respectively). The shares of BANKAMERICA CORP were reported as “held” at the end of May 1995 in BLMIS Account 1B0066 under “SECURITY POSITIONS.” (*See* May 1995 Customer Statement at **MF00166297**.)

31. In the following month, based on the reporting trading, these shares were coded as “DELV” (or delivered) and “RECD” (or received) on June 19, 1995, and therefore, there were no remaining shares of BANKAMERICA CORP reported as “held” in the customer’s BLMIS account under securities positions held at the end of the June 1995 Customer Statement. (*See* June 1995 Customer Statement at **MF00161660**.)

32. Subsequently, on July 6, 1995, there was a line item on the Customer Statement reflecting a PW Transaction with the description “CHECK BANKAMERICA.” However,

because no new trading activity was reflected on the Customer Statement for the month of July 1995 related to BANKAMERICA CORP and no shares were reported as held during the month, the BLMIS records indicate that the PW Transaction was not made to purchase or purportedly purchase any subsequent shares of BANKAMERICA CORP. (See July 1995 Customer Statement at **MF00213555**.)

33. In sum, these fictitiously reported transactions generated a reported profit of \$6,784.25, which was the exact amount that was reflected as the PW Transaction.

34. Based on my review of the data available, in all 4,585 instances of the Check + Stock Name PW Transactions related to the Participating Accounts, the PW Transactions were debited from the customer's account, therefore reducing the reported amount of equity purportedly held at BLMIS as shown on the Customer Statements and corroborated by the PMRs and/or PMTs, where available.

35. To further demonstrate the amounts from PW Transactions were withdrawn by account holders, we have identified two cancelled checks issued by BLMIS to the account holder for BLMIS Account 1S0073¹⁵ related to Check + Stock Name PW Transactions. (See **Exhibit 9**.) Below is an excerpt of the November 1998 Customer Statement for BLMIS Account 1S0073, which reflects a PW Transaction on November 25, 1998 with description "CHECK CARDINAL HEALTH" in the amount of \$357.63.

¹⁵ Six of the 53 Indirect Participating Accounts (BLMIS Accounts 1S0295, 1S0296, 1S0297, 1S0298, 1S0299, and 1S0301) were impacted by inter-account transfer(s) from BLMIS Account 1S0073.

SUSAN & MICHAEL SHAPIRO MEMORIAL FOUNDATION				11/30/98	1	
				1-50073-1-0		
BALANCE FORWARD					.63	
11/05		600	1263	CARDINAL HEALTH INC	58 3/4	35,250.00
11/05		369	1264	CARDINAL HEALTH INC	58 5/8	21,632.63
11/05	323			CARDINAL HEALTH INC	RECD	
11/16		247	34974	3 FOR 2 STOCK SPLIT 11/5/98		
				FIDELITY SPARTAN	1	247.00
11/20	1,188		35139	U S TREASURY MONEY MARKET		
11/25				BOSTON SCIENTIFIC	47 3/4	56,727.00
11/27				CHECK CARDINAL HEALTH	PW	357.63
				FIDELITY SPARTAN	DIV	.52
				U S TREASURY MONEY MARKET		
11/30	46		39116	U S TREASURY MONEY MARKET	1	46.00
				FIDELITY SPARTAN		
				NEW BALANCE		.15
	1,188			SECURITY POSITIONS		
	46			BOSTON SCIENTIFIC		
				FIDELITY SPARTAN		
				U S TREASURY MONEY MARKET		

36. Below and attached as **Exhibit 9** is a copy of the November 25, 1998 check issued to the account holder for BLMIS Account 1S0073, Susan & Michael Shapiro Memorial Foundation, in the amount of \$357.63, the exact amount as the PW Transaction.

CONFIDENTIAL

BERNARD L. MADOFF

87931

11/25/98

Pay to the order of: SUSAN & MICHAEL SHAPIRO MEMORIAL FOUNDATION

EXACTLY: *****357DOLLARS63CENTS

DOLLARS

FOR: 1-S0073-1

509

CONFIDENTIAL

PAY TO THE ORDER OF: SUSAN & MICHAEL SHAPIRO MEMORIAL FOUNDATION

FOR: 1-S0073-1

11/25/98

\$*****357.63

CONFIDENTIAL

MADWAA00379168

37. See **Exhibit 9** for another example of Check + Stock name PW Transaction on 1/5/1999 "CHECK BOSTON SCIENTIFIC" withdrawn from BLMIS and made payable to the account holder of BLMIS Account 1S0073 in the amount of \$706.50.

38. These PW Transactions and the related cancelled checks demonstrate that:

- (a) The transactions resulted in a reduction to the purported equity in BLMIS Account 1S0073;
- (b) The account holder received the payments directly from BLMIS in the amount of the reported profit generated from the fictitious trading; and
- (c) The transactions were coded as “PW” on the Customer Statements, representing “Profit Withdrawals.”

39. Therefore, it is appropriate to reduce the account holder’s principal balance for the amount of these payments.

B. Transaction Description: Check Only and Reconciliation to a Reported Profit/Interest/Dividend

40. For the PW Transactions related to the Participating Accounts with the Check Only description, FTI was able to review the instances of reported trading as reflected on the Customer Statements to determine whether the amount of the PW Transaction at issue correlates to purported trading of securities and related reported profits. These PW transactions were further supported by additional documentation such as PMRs and PMTs, where available.

41. Of the 614 PW Transactions with the Check Only description related to the Participating Accounts, FTI was able to identify the corresponding fictitiously reported trading of securities and reconcile it to a reported profit, interest, or dividend in the amount of the PW Transaction for 536 (87.3%) of these PW Transactions based on the exact match of dollar amounts within a reasonable timeframe of the PW Transactions.

42. In each instance, an analysis of the relevant BLMIS documents (Customer Statements, PMRs, and PMTs, where available) demonstrates that the PW Transactions are *debited* from the customer’s account, reducing the purported equity of the account by the reported amount of the entry.

43. For the remaining 78 PW Transactions with the Check Only description, there was no fictitious trading which generated a profit, interest, or dividend in the exact amount of the PW Transaction. As a result, FTI performed additional analyses to identify potential reasons for such variances. Based on the review performed, it is likely that these transactions were coded by BLMIS employees as “PW” in error. This conclusion is based on the observation that (a) there

are no other PW Transactions in each of the applicable BLMIS accounts; and (b) there is no reported trading within the time frame of the PW Transaction.

44. **Table 5** below provides an example of one BLMIS account. The information contained below summarizes the reported trading and PW Transactions for BLMIS Account 1S0004¹⁶ for all relevant time periods, as reflected on the Customer Statements. Where the PW Transaction description referenced a Check Only, the PW Transactions reconciled to a reported profit, interest, or dividend generated from the fictitious trading of securities within that time frame.

Table 5 – BLMIS Account 1S0004 Reported Trading Summary for PW Transactions with Check Only

"Trading" Activity by Security					"Profit Withdrawal" Transactional Detail				Diff	Bates References		
Account	Transaction Description	Long Value	Short Value	Reported "Profit"	Date	Transaction Description	Tran Code	Amount		BLMIS Customer Statement	PMR	PMT
1S0004	DIGITAL SWITCH CORP	(73,176)	75,645	2,469	7/13/1982	CHECK	PW	(2,469)	0	MF00148676-76	MF00092446	N/A
1S0004	BALDWIN UTD CORP	(84,153)	88,150	3,997	7/22/1982	CHECK	PW	(3,997)	0	MF00148676-76	MF00092446	N/A
		(\$157,329)	\$163,795	\$6,466				(\$6,466)	\$0			

45. Attached as **Exhibit 10** to this report is an example of PW Transaction with the Check Only description and the reported trading activity within the Customer Statements for BLMIS Account 1S0004. The documentation shows the reported fictitious trading associated with the security BALDWIN UTD CORP from May through July 1982. The Customer Statements reflect that the reported trading generated a fictitious profit of \$3,997.01 (calculated as the difference between the reported cost of \$84,152.50 and the reported proceeds totaling \$88,149.51; *see* May through July 1982 Customer Statements at **MF00147567**, **MF00148116** and **MF00148676**, respectively.) The shares of BALDWIN UTD CORP were reported as “held” at the end of May and June 1982 in BLMIS Account 1S0004 under “SECURITY POSITIONS.” (*See* May and June 1982 Customer Statements at **MF00147567** and **MF00148116**, respectively.)

46. In the month of July 1982, based on the reporting trading, these shares were coded as “DELV” (or delivered) and “RECD” (or received) on July 2, 1982 and therefore, there were no remaining shares of BALDWIN UTD CORP reported as “held” in the customer’s BLMIS account under securities positions held at the end of the July 1982 Customer Statements. (*See* July 1982 Customer Statement at **MF00148676**.)

¹⁶ BLMIS Account 1S0004 was formerly known as BLMIS Account 101902. Two of the 53 Indirect Participating Accounts (BLMIS Accounts 1S0316 and 1S0547) were impacted by inter-account transfer(s) from BLMIS Account 1S0004.

47. On July 22, 1982, there was a line item on the Customer Statement reflecting a PW Transaction with the description “CHECK.” However, because no new trading activity was reflected on the Customer Statements during the months of July and August 1982 related to BALDWIN UTD CORP and no shares were reported as held during those months, the BLMIS records indicate that the PW Transaction was not made to purchase or purportedly purchase any subsequent shares of BALDWIN UTD CORP. (See July and August 1982 Customer Statements at **MF00148676** and **MF00149226**, respectively.)

48. In sum, these fictitiously reported transactions generated a reported profit of \$3,997.01, which was the exact amount that was reflected as the PW Transaction.

49. Based on my review of the data available, in all 614 instances of the Check Only PW Transactions related to the Participating Accounts, the PW Transactions were debited from the customer’s account, therefore reducing the reported amount of equity purportedly held at BLMIS as shown on the Customer Statements and corroborated by the PMRs and/or PMTs, where available.

50. In addition to the aforementioned analysis, and attached as **Exhibit 11** to this report, is an example of correspondence maintained in the BLMIS Customer File from the account holder of BLMIS Account 101959¹⁷ acknowledging profits associated with fictitious trading in their account and requesting that BLMIS send payment for those profits. Specifically, the account holder for BLMIS Account 101959 sent a letter to BLMIS on April 27, 1990 requesting that the account be closed and that BLMIS send them checks for \$70,000.13 and \$2,759.06. The letter classifies the check for \$2,759.06 as “PROFIT FROM PRESENT TRANSACTION” and is the exact amount of the reported profit of the trading associated with CONNER PERIPHERALS INC, under the “SECURITY POSITIONS” of the April 1990 Customer Statement. (See the correspondence for BLMIS Account 101959 at **MADTBB01955056** and the April and June 1990 Customer Statements at **MF00032118** and **MF00039704**, respectively.)

¹⁷ One of the 53 Indirect Participating Accounts (BLMIS Account 1S0353) was impacted by inter-account transfer(s) from BLMIS Account 101959.

C. Transaction Description: Check + Interest/Dividend and Reconciliation to a Reported Profit/Interest/Dividend

51. For the 38 PW Transactions with the Check + Interest/Dividend description related to the Participating Accounts, FTI was able to review the instances of reported trading as reflected on the Customer Statements to determine whether the amount of the PW Transaction at issue correlated to the purported interests or dividends from securities reportedly “held” in the account. These PW transactions were further supported by some additional documentation such as PMRs and PMTs, where available.

52. Of these 38 PW Transactions, FTI was able to identify the fictitiously reported trading of the securities and reconcile it to the exact amount of the PW Transaction in question for all but one instance (representing 97.4%).¹⁸

53. In each instance, an analysis of the following BLMIS documents: (a) the Customer Statements; (b) PMRs; and (c) PMTs, where available, show that the PW Transactions are *debited* from the customer’s account, reducing the purported equity of the account by the reported amount of the entry.

54. **Table 6** below provides an example of the summary of the reported trading and the related PW Transactions with the description Check + Interest/Divided for BLMIS Account 1A0028¹⁹, which reconciled to a reported profit, interest, or dividend generated from the fictitious trading of securities within that time frame.

¹⁸ FTI performed additional analyses to determine why the one additional PW Transaction could not be linked to any prior fictitious trading. Based on the review performed, it is likely that this transaction was coded by BLMIS as “PW” in error.

¹⁹ BLMIS Account 1A0028 was formerly known as BLMIS Account 100118. One Direct Participating Account (BLMIS Account 1E0111) and one Indirect Participating Account (BLMIS Account 1E0143) was impacted by inter-account transfer(s) from BLMIS Account 1A0028.

Table 6 – BLMIS Account 1A0028 Reported Trading Summary for PW Transactions with Check + Interest/Dividend

Account	Trading Activity by Security				Profit Withdrawal Transactional Detail				Diff	Bates References		
	Transaction Description	Long Value	Short Value	Reported Profit	Date	Transaction Description	Tran Code	Amount		BLMIS Customer Statement	PMR	PMT
1A0028	NEW YORK CITY NY G/O SER A 8.000 3/15/2017	0	400	400	3/18/1992	CHECK TAX EXEMPT INTEREST 3/15	PW	(400)	0	MF00466998-98	MF00544723	MF00545001
1A0028	NEW YORK CITY NY G/O SER A 8.000 3/15/2017	0	400	400	9/15/1992	CHECK TAX EXEMPT INTEREST 9/15	PW	(400)	0	MF00454618-18	MF00544723	MF00545001
1A0028	NEW YORK CITY NY G/O SER A 8.000 3/15/2017	0	400	400	3/15/1993	CHECK TAX EXEMPT INTEREST	PW	(400)	0	MF00425501-01	MF00544723	MF00545001
		\$0	\$1,200	\$1,200				(\$1,200)	\$0			

55. Using BLMIS Account 1A0028 for illustrative purposes, attached as **Exhibit 12** to this report is an example of PW Transaction with Check + Interest description and the reported interest generated from the fictitious trading of securities within that time frame. The documentation shows the reported interest of \$400 for the “NEW YORK CITY NY G/O SER A” security related to the interest earned on March 16, 1992. (See March 1992 Customer Statement at **MF00466998**.)

56. Subsequently, there was a line item on the Customer Statement dated March 18, 1992, reflecting a PW Transaction with the description “CHECK TAX EXEMPT INTEREST 3/15,” and debit to the purported equity of that account in the amount of the \$400. This PW Transaction reflects the purported interest earned by “holding” the security for “NEW YORK CITY NY G/O SER A”.

57. Based on my review of the data available, in all 38 instances of the Check + Interest/Divided PW Transactions related to the Participating Accounts, the PW Transactions were debited from customer’s account, therefore reducing the reported amount of equity purportedly held at BLMIS as shown on the Customer Statements and corroborated by the PMRs and/or PMTs, where available.

D. Transaction Description: Other Distributions and Reconciliation to a Reported Profit/Interest/Dividend

58. For each of the 18 PW Transactions related to the Participating Accounts with the Other Distribution description, FTI was able to review the instances of reported trading as reflected on the Customer Statements to determine whether the amount of the PW Transaction at issue correlates to the purported interest or dividends from securities reportedly held in the account. These PW transactions were further supported by additional documentation, such as PMRs and PMTs, where available.

59. Upon further analysis, FTI has been able to identify the BLMIS documentation available to reconcile the gains/reported profits from the fictitiously reported trading of the securities related to the PW Transaction for five of these 18 PW Transactions with the Other Distributions description (or 27.8%). In each of these five instances, an analysis of the Customer Statements, as well as the PMRs and PMTs, where available, demonstrates that the PW Transactions are debited from the customer's account, reducing the purported equity of the account by the reported amount of the entry.

60. Although the detailed review related to the 18 PW Transactions with the Other Distributions description could only be performed for five of the PW Transactions that contained sufficient data, it is my opinion that it is reasonable to infer that the same results would occur for the remaining 13 PW Transactions, if the relevant BLMIS documentation was available for review for these particular PW Transactions.

61. **Table 7** below provides an example of the summary of the reported trading and the related PW transactions with the Other Distributions description for BLMIS Account 1A0028, which reconciled to the reported profit from the fictitious trading of securities within that time frame.

Table 7 – BLMIS Account 1A0028 Reported Trading Summary for PW Transactions with Other Distributions

	"Trading" Activity by Security				"Profit Withdrawal" Transactional Detail					Bates References		
Account	Transaction Description	Long Value	Short Value	Reported "Profit"	Date	Transaction Description	Tran Code	Amount	Diff	BLMS Customer Statement	PMR	PMT
1A0028	EMHART CORP VA	(147,016)	153,264	6,248	10/11/1983	CHECK TO BE REINVESTED	PW	(6,248)	0	MF00145450-50	MF00092659	N/A
1A0028	GENERAL GROWTH PPTYS	(153,336)	157,936	4,600	12/1/1983	CHECK TO BE REINVESTED	PW	(652)		MF00357971-71	MF00092659	N/A
1A0028					12/14/1983	CHECK	PW	(3,948)		MF00357971-71	MF00092659	N/A
1A0028				4,600				(4,600)	0			
1A0028					6/6/1984	CHECK TO BE REINVESTED	PW	(2,000)		MF00149940-40	MF00093273	N/A
1A0028	CARTER HAWLEY STORES INC	(153,990)	160,149	6,158	6/20/1984	CHECK CARTER HAWLEY	PW	(4,158)		MF00149940-40	MF00093273	N/A
1A0028				6,158				(6,158)	0			
		(\$454,342)	\$471,348	\$17,007				(\$17,007)	\$0			

62. Attached as **Exhibit 13** to this report provides an example of PW Transactions with the Other Distributions transaction description and the reported trading activity within the Customer Statements for BLMIS Account 1A0028.²⁰ The documentation shows the reported fictitious trading associated with the security GENERAL GROWTH PPTYS in October and November 1983. The Customer Statements reflect that the reported trading generated a fictitious profit of \$4,600.26 (calculated as the difference between the reported cost of \$153,335.75 and the reported proceeds totaling \$157,936.01; *see* October and November 1983 Customer Statements at **MF00145450** and **MF00146010**, respectively). The shares of GENERAL GROWTH PPTYS were reported as “held” at the end of October and November 1983 in BLMIS Account 1A0028 under “SECURITY POSITIONS.” (*See* October and November 1983 Customer Statements at **MF00145450** and **MF00146010**, respectively.)

63. In the month of December 1983, based on the reporting trading, these shares were coded as “DELV” (or delivered) and “RECD” (or received) on December 1, 1983. (*See* December 1983 Customer Statement at **MF00357971**.)

64. On December 1, 1983 and December 14, 1983, there were line items on the Customer Statement reflecting two PW Transactions with the description “CHECK TO BE REINVESTED” in the amount of \$652.08 and “CHECK” in the amount of \$3,948.18. The sum of these two PW Transactions equals the exact amount of the fictitiously reported profit of \$4,600.26.

²⁰ BLMIS Account 1A0028 was formerly known as BLMIS Account 100118.

the December 1983 and January 1984 Customer Statements. However, because no new trading activity was reflected on the Customer Statements for the months of December 1983 and January 1984 related to GENERAL GROWTH PPTYS and no shares were reported as held during the months, the BLMIS records indicate that the PW Transactions were not made to purchase or purportedly purchase any subsequent shares of GENERAL GROWTH PPTYS. (See December 1983 and January 1984 Customer Statements at **MF00357971** and **MF00358542**, respectively.)

70. Based on my review of the data available, in all 18 instances of the Other Distributions PW Transactions related to the Participating Accounts, the PW Transactions were debited from customer's account, therefore reducing the reported amount of equity purportedly held at BLMIS as reflected on the Customer Statements and corroborated by the PMRs and/or PMTs, where available.

VI. CONCLUSION DRAWN FROM THE DETAILED REVIEW OF THE PW TRANSACTIONS FOR PURPOSES OF THE PRINCIPAL BALANCE CALCULATION

71. Based on the detailed review described in **Section V.** above, it is my opinion that the review performed on the Participating Accounts related to the PW Transactions demonstrates that all of the PW Transactions related to these accounts properly reflect reductions to the account holders' principal for purposes of performing the Principal Balance Calculation, and further, it is reasonable to infer that the same results would occur over the full population, yielding the same conclusion, for all PW Transactions for all relevant time periods.

72. My opinion is based on the following factors:

- The BLMIS records recognize these PW Transactions as "withdrawals;"
- Every PW Transaction reflects a reduction to the purported equity in the BLMIS accounts;
- The review performed on the PW Transactions related to the Participating Accounts with a transaction description of: (i) Check + Stock Name; (ii) Check Only; (iii) Check + Interest/Dividend; and (iv) Other Distributions demonstrate that the amount of the PW Transactions relate to the reported fictitious trading in the relevant BLMIS accounts; and

- The amounts reported as PW Transactions on the Customer Statements agreed to the additional documentation, such as PMTs, PMRs, and third-party bank records, where available.

73. As a result of the work performed, it is my opinion that all 91,132 PW Transactions (including the PW Transactions related to the Participating Accounts) represent cash withdrawals, reducing an account's principal balance for purposes of the Principal Balance Calculation.

74. **Exhibit 14** provides detailed schedules for the Principal Balance Calculation for the BLMIS Accounts related to the Participating Accounts, where the PW Transactions are properly treated as cash withdrawals. *See also Exhibit 5* for list of BLMIS Accounts related to the Participating Accounts.

VII. IMPACT ANALYSIS

75. Notwithstanding my overall conclusion, I have been asked by Trustee's counsel to perform an analysis to determine the impact on the Participating Accounts if a court were to determine that the PW Transactions should not to be treated as withdrawals.

76. The analysis has been prepared based on an assumption that all 5,255 PW Transactions related to the Participating Accounts that have been identified and discussed in detail throughout this report are not treated as withdrawals. This analysis is not an admission by FTI or the Trustee that such treatment is appropriate or supported by the available BLMIS records.

77. **Exhibit 15** provides detailed schedules for the impact of the PW Analysis for the BLMIS accounts related to the Participating Accounts, where the PW Transactions are not treated as withdrawals.

78. Based on the analysis performed, of the 56 Participating Accounts, there was an increase in principal for 37 Participating Accounts and there was no impact to the principal for the remaining 19 Participating Accounts as follows:²¹

²¹ The chart that follows lists only the differences in ending principal balances and does not include any calculation related to potential avoidance liability.

<i>a</i>			<i>b</i>		<i>c = b - a</i>
Principal Balance Calculation			PW Impact Analysis		Difference ^[1]
Account	Ending Balance	Net Position	Ending Balance	Net Position	
1A0083	\$ (966,481)	NET WINNER	\$ (867,868)	NET WINNER	\$ 98,613
1B0022	\$ (61,634)	NET WINNER	\$ -	BREAK EVEN	\$ 61,634
1B0156	\$ -	BREAK EVEN	\$ 558,868	NET LOSER	\$ 558,868
1B0157	\$ -	BREAK EVEN	\$ -	BREAK EVEN	\$ -
1B0190	\$ (182,096)	NET WINNER	\$ (115,571)	NET WINNER	\$ 66,526
1B0201	\$ 27,053	NET LOSER	\$ 181,388	NET LOSER	\$ 154,335
1B0251	\$ 83,795	NET LOSER	\$ 249,038	NET LOSER	\$ 165,243
1C1229	\$ (1,199,303)	NET WINNER	\$ (68,000)	NET WINNER	\$ 1,131,303
1CM504	\$ 587,575	NET LOSER	\$ 587,575	NET LOSER	\$ -
1CM682	\$ 322,575	NET LOSER	\$ 322,575	NET LOSER	\$ -
1CM806	\$ (1,345,000)	NET WINNER	\$ (1,345,000)	NET WINNER	\$ -
1CM837	\$ (225,000)	NET WINNER	\$ (225,000)	NET WINNER	\$ -
1CM849	\$ 86,604	NET LOSER	\$ 86,604	NET LOSER	\$ -
1E0111	\$ (389,896)	NET WINNER	\$ (317,133)	NET WINNER	\$ 72,763
1E0143	\$ (314,830)	NET WINNER	\$ (314,830)	NET WINNER	\$ -
1F0092	\$ (690,292)	NET WINNER	\$ (64,474)	NET WINNER	\$ 625,818
1F0093	\$ (885,820)	NET WINNER	\$ (357,318)	NET WINNER	\$ 528,502
1F0106	\$ (718,183)	NET WINNER	\$ (468,964)	NET WINNER	\$ 249,219
1F0116	\$ (574,250)	NET WINNER	\$ (534,250)	NET WINNER	\$ 40,000
1F0123	\$ (1,040,138)	NET WINNER	\$ (364,133)	NET WINNER	\$ 676,005
1H0022	\$ (15,235,401)	NET WINNER	\$ (15,139,396)	NET WINNER	\$ 96,005
1H0099	\$ (674,955)	NET WINNER	\$ (623,824)	NET WINNER	\$ 51,131
1H0161	\$ (1,110,000)	NET WINNER	\$ (1,088,700)	NET WINNER	\$ 21,300
1H0166	\$ -	BREAK EVEN	\$ -	BREAK EVEN	\$ -
1K0118	\$ (1,786,105)	NET WINNER	\$ (656,478)	NET WINNER	\$ 1,129,627
1K0206	\$ (58,416)	NET WINNER	\$ (58,416)	NET WINNER	\$ -
1L0146	\$ (796,622)	NET WINNER	\$ (329,241)	NET WINNER	\$ 467,380
1L0147	\$ (713,201)	NET WINNER	\$ (313,201)	NET WINNER	\$ 400,000
1L0149	\$ (613,747)	NET WINNER	\$ (324,156)	NET WINNER	\$ 289,591
1M0101	\$ (391,627)	NET WINNER	\$ (177,627)	NET WINNER	\$ 214,000
1M0105	\$ (1,178,500)	NET WINNER	\$ (898,825)	NET WINNER	\$ 279,675
1P0099	\$ (2,462,734)	NET WINNER	\$ (2,462,734)	NET WINNER	\$ -
1P0105	\$ 314,500	NET LOSER	\$ 314,500	NET LOSER	\$ -
1R0123	\$ (2,084,499)	NET WINNER	\$ (1,964,945)	NET WINNER	\$ 119,554
1R0133	\$ (704,933)	NET WINNER	\$ (556,032)	NET WINNER	\$ 148,902
1R0134	\$ 29,896	NET LOSER	\$ 40,927	NET LOSER	\$ 11,031
1R0171	\$ (437,000)	NET WINNER	\$ (437,000)	NET WINNER	\$ -
1S0260	\$ (77,863)	NET WINNER	\$ 27,018	NET LOSER	\$ 104,880
1S0267	\$ (970,000)	NET WINNER	\$ (463,278)	NET WINNER	\$ 506,722
1S0268	\$ (693,675)	NET WINNER	\$ (692,667)	NET WINNER	\$ 1,009
1S0295	\$ (501,459)	NET WINNER	\$ (125,012)	NET WINNER	\$ 376,447
1S0296	\$ (359,793)	NET WINNER	\$ (190,673)	NET WINNER	\$ 169,120
1S0297	\$ (843,953)	NET WINNER	\$ (244,741)	NET WINNER	\$ 599,212
1S0298	\$ (1,453,790)	NET WINNER	\$ (489,314)	NET WINNER	\$ 964,475
1S0299	\$ (900,564)	NET WINNER	\$ (318,788)	NET WINNER	\$ 581,776
1S0301	\$ (541,537)	NET WINNER	\$ (133,601)	NET WINNER	\$ 407,936
1S0316	\$ (5,245,000)	NET WINNER	\$ (5,245,000)	NET WINNER	\$ -
1S0324	\$ (409,702)	NET WINNER	\$ (308,492)	NET WINNER	\$ 101,210
1S0353	\$ (521,064)	NET WINNER	\$ 73,731	NET LOSER	\$ 594,795
1S0370	\$ (160,500)	NET WINNER	\$ (160,500)	NET WINNER	\$ -
1S0516	\$ (655,571)	NET WINNER	\$ (655,571)	NET WINNER	\$ -
1S0517	\$ (499,902)	NET WINNER	\$ (499,902)	NET WINNER	\$ -
1S0547	\$ (10,000,000)	NET WINNER	\$ (10,000,000)	NET WINNER	\$ -
1T0004	\$ (2,337,457)	NET WINNER	\$ (2,337,457)	NET WINNER	\$ -
1T0036	\$ (2,138,470)	NET WINNER	\$ (2,138,470)	NET WINNER	\$ -
1U0017	\$ (565,538)	NET WINNER	\$ (164,843)	NET WINNER	\$ 400,695

^[1] Differences due to rounding

79. The 19 Participating Accounts that had no impact to their principal had no change because the amount of principal available to be transferred in the relevant inter-account transfers²² remained unchanged from the Principal Balance Calculation to the calculation requested by Trustee's counsel solely for the purposes of this report. This analysis is not an admission by FTI or the Trustee that such treatment is appropriate.

VIII. SIGNATURE AND RIGHT TO MODIFY

80. This report and the exhibits contained herein present my findings and the bases thereof. To the extent that any additional information is produced by any party, I reserve the right to incorporate such additional information into my report or to modify my report as necessary.

Respectfully submitted,



Matthew B. Greenblatt, CPA/CFF, CFE
Senior Managing Director
FTI Consulting, Inc.

Dated: December 17, 2015

²² See Principal Balance Calculation Report, ¶¶17, 27-28, 32-34.

IX. LIST OF EXHIBITS

- Exhibit 1** – Curriculum Vitae and Testimony of Matthew B. Greenblatt
- Exhibit 2** – Documents Considered
- Exhibit 3** – Listing of all PW Transactions
- Exhibit 4** – List of Direct and Indirect Accounts
- Exhibit 5** – List of BLMIS Accounts Related to the Participating Accounts
- Exhibit 6** – Reconciliation of PW Transaction Related to the Participating Accounts
- Exhibit 7** – Example of Data Entry Error for BLMIS Account 1A0025
- Exhibit 8** – Example of PW Transaction - Check + Stock Name for BLMIS Account 1B0066
- Exhibit 9** – Example of PW Transactions Paid Directly to Account Holder for BLMIS Account 1S0073
- Exhibit 10** – Example of PW Transaction - Check Only for BLMIS Account 1S0004
- Exhibit 11** – Example of Correspondence Requesting a Check for a PW Transaction
- Exhibit 12** – Example of PW Transaction - Check + Interest for BLMIS Account 1A0028
- Exhibit 13** – Example of PW Transaction - Other Distributions for BLMIS Account 1A0028
- Exhibit 14** – Detailed Schedules for the Principal Balance Calculation for the BLMIS Accounts Related to the Participating Accounts
- Exhibit 15** – Detailed Schedules for the Impact of the PW Analysis for the BLMIS Accounts Related to the Participating Accounts